

"KEY ELEMENTS OF DONOSTIA SAN SEBASTIAN SOCIAL ECONOMY CAPITAL CITY 2023"

2023 is a key year for the global development of the Social Economy, a business model at the service of people and the planet.

The most immediate milestone was the United Nations Resolution on the promotion of the Social Economy for sustainable development, approved on 18 April in New York. A resolution promoted by the Spanish government that launches a global and powerful message of what the Social Economy business model contributes and represents today. A historic milestone because the highest international body, the United Nations General Assembly, calls on Member States to promote and implement national, local and regional strategies, policies and programmes to support and strengthen the social economy as a model of sustainable economic and social development.

At least since December 2021, the Social Economy is experiencing a historic acceleration in terms of political and economic recognition and social visibility.

At European level, as part of the European Social Economy Action Plan, which includes 60 measures aimed at unleashing the potential of the 2.8 million European social economy enterprises that employ 13.64 million people and represent 8% of GDP and 6.3% of employment with an aspiration to increase this to 10% by 2030 (22 million jobs), the launch of the single social economy portal and the approval of the Council recommendation on the social economy within the framework of the Spanish Presidency of the Council of the EU in the second half of 2023 are foreseen.

In the EU's wake, the International Labour Organisation and the OECD followed.

In June 2022, the representatives of the 187 governments that make up the ILO adopted in Geneva, together with international trade union and employers' representatives, a resolution to create an enabling environment to promote decent work and take full advantage of the potential of social economy enterprises.

On the same day, the OECD adopted a Recommendation addressed to its 34 Member States to develop ecosystems favourable to the social economy by designing enabling legal frameworks and facilitating access to finance; strengthening business support services; developing mechanisms to measure the impact of these enterprises, compiling statistics and promoting social innovation. This Recommendation links the 27 EU Member States and other developed economies such as the United States, Canada, Japan, Australia, and South Korea.

And the World Economic Forum - the DAVOS Forum - has also joined this "momentum" with a report advocating the social economy as a vector for inclusive and resilient societies.

In this international context, it should be recalled that in the framework of the French Presidency of the EU last year, 23 EU countries unanimously approved a recommendation to strengthen the Social Economy in Europe.

At state level, a PERTE for the Social and Care Economy was approved and is being implemented, with a budget of 808 million euros and involving 13 ministries coordinated by the Ministry of Labor and Social Economy. In this sense, the Social Economy is one of the 12 PERTEs approved by the Spanish Government for the economic transformation of the State. **The Spanish Social Economy Strategy 2023-2027 has also been approved, a strategy that is unique at European level and which stands out for the active participation of the sector in its design and content and its debate within the Council for the Promotion of the Social Economy.** Like the European Union as a whole, Spain is committed to the Social Economy, which represents 10% of GDP, as a vector of sustainability, resilience and strategic autonomy.

It is in this exceptional context that Donostia-San Sebastian is organising the Capital of the Social Economy and is providing this document of strong ideas which it is making available to all the institutions and organisations that are going to take part in this Capital with the aim of providing a common narrative and reinforcing the dissemination of what the Social Economy represents.

These are strong ideas shared within the framework of the Steering Committee made up of the Ministry of Labor and Social Economy, the Basque Government, the Provincial Council of Gipuzkoa and the City Council of Donostia-San Sebastian, together with the sector represented by CEPES, the Higher Council of Cooperatives of the Basque Country-CSCCE and EGES-Basque Social Economy Network, where all the Social Economy families in the Basque Country are represented.

STRONG IDEAS

- 1) Spain is an international benchmark in the Social Economy**, not only because it has a strong and consolidated business fabric present in all economic sectors, but also because it has innovative legislation, strategies and public policies that are strengthening the **more than 43,000 Social Economy enterprises**, which **employ more than 2.5 million people** and **represent 10% of Spain's GDP**.
- 2) In this scenario, today, the Basque Country is a world benchmark in the social economy**, especially in worker cooperatives and worker-owned companies. *A territory with a DENSITY AND DIVERSITY OF SOCIAL ECONOMY COMPANIES, where the impact of the social economy can be accredited with lower rates of inequality.*
Nearly 2% of the entities, 5% of the gross value added and 10% of paid employment in the Basque Country is in social economy entities¹. In 2020, the total number of jobs was 60,401 people.

¹ Story about the social economy in the Basque Country. Directed by Marta Enciso Santocildes, Aitor Bengoetxea Alkorta, Leire Uriarte Zabala and edited by Aitziber Mugarra Elorriaga. GEZKI-MIK, Deusto and Department of Labour and Employment of the Basque Government.

Another of the **characteristics of the Basque social economy lies in its industrial nature**. Although the reality by sector shows differences, it is worth highlighting that 4 out of every ten cooperatives are industrial cooperatives (MONDRAGON appears year after year as the largest industrial cooperative in the world - World Cooperative Monitor), most of the employment in the Labour Companies is industrial and more than half of the people employed in special employment centres work in the industrial sector.

- 3) The priority of people over capital and their link to the territory are one of the main characteristics of Social Economy enterprises ~~fr~~—This business model *CREATES WEALTH, INTECOOPERATES to address economic and social needs jointly (the basis of effective competitiveness and solidarity) and INNOVATES, technologically and socially. Paradigm that economic efficiency and social cohesion can go hand in hand.*

An economy that fosters collective entrepreneurship **based on democratic principles in decision-making and profit-sharing** as a way to face future business challenges.

The value of the collective in employment and, especially, in terms of entrepreneurship, is now more "valuable" than ever. These attributes **are a hallmark of** our productive fabric, which has contributed to promoting a typology of companies and organisations with **differential values** compared to more traditional business models. The **philosophy of the collective** usually goes hand in hand with **more sustainable forms of employment generation**, in which quality and resilience are integrated as fundamental principles.

In the same way, **the participation of workers in companies and the entrepreneurial spirit highlight the potential of the collective as an alternative for accessing** and/or remaining in the **labour market** in organisations with a high commitment to the environment and to the people who work in them. In other words, promoting collective entrepreneurship is one more way, although not the only one, to foster solidarity, inclusive and quality employment, within a framework of **responsible business management, based on social and ethical principles and values**, which will contribute to social and human development through more inclusive, participatory, egalitarian and equitable business models.

- 4) The key role of the Social Economy in the current times as a **driver of territorial development, quality and inclusive employment**. *A RESILIENT economy, especially in contexts of crisis and creator of DIGNIFICANT AND SUSTAINABLE EMPLOYMENT, perfectly aligned with the European objective of an economy at the service of people and the planet and with the sustainable development goals set out in the 2030 Agenda. At the forefront of the European recovery by reinforcing the most social feature that distinguishes the EU.*

The Social Economy represents another way of understanding the economy and business and involves another way of producing, undertaking, managing, consuming, ... it advocates equal opportunities as a fundamental axis of development, as well as socio-labor insertion and the need to strengthen

instruments such as Special Employment Centers and support for inclusive employment.

It is worth highlighting the presence of social economy companies and organisations in all sectors of economic activity, with companies of all sizes, from large business groups, European and world leaders in some cases, to SMEs and micro-SMEs, including strategic areas such as industry, education and training, health, the agri-food sector, distribution, housing, finance, production and distribution of renewable energy, care, circular economy, cultural and creative industries and many more.

A clear difference in the Basque social economy ecosystem, in line with the Basque Government's strategy, is its commitment to technological innovation. In this respect, there are cooperative research centres and foundations for different technologies (2,000 researchers in the MONDRAGON group, and 1,500 in the Tecnalia Foundation).

The values represented by the Social Economy, such as the promotion of internal solidarity and solidarity with society that favours commitment to local development, equal opportunities between men and women, social cohesion, the integration of people at risk of social exclusion, the generation of stable and quality employment, the reconciliation of personal, family and working life and sustainability, are linked to the values that are deployed in organisations through Corporate Social Responsibility (CSR) and the Sustainable Development Goals (SDGs).

All this makes the Social Economy a **key business segment for the future and a lever for the economy and social recovery in times of change**, capable of offering innovative and inclusive responses to the challenges that society and the economy have to face in the coming years.

5) Social Economy as a **transforming element of society**. *An economy made up of ORGANISATIONS committed to SOCIAL TRANSFORMATION and EDUCATION AND TRAINING at all levels.*

²**Social economy entities demonstrate a rootedness to the territory that is also maintained in cases of productive internationalisation**, so that thanks to multi-localisation strategies, the opening of production or marketing plants abroad is always done on the basis of maintaining local employment.

This territorial rootedness means that social economy organisations are strategic agents in the sustainability of territories, understood in terms of their threefold impact: economic, social and environmental. They are organisations that generate local employment and wealth, firstly, and distribute it more equitably. On the other hand, they are entities that bring social cohesion to the territory, insofar as they

² Extract from the document: Account of the social economy in the Basque Country. Directed by Marta Enciso Santocildes, Aitor Bengoetxea Alkorta, Leire Uriarte Zabala and edited by Aitziber Mugarra Elorriaga. GEZKI-MIK, Deusto and Department of Labour and Employment of the Basque Government.

generate more economic equality and also help in the social inclusion of people with more difficulties. Thirdly, they generate social capital, because they nurture associativity, are bearers of a participatory and collaborative culture and nurture trust between people. And finally, they are at the forefront in areas related to environmental sustainability due to a proven track record of social and organisational innovations promoted for this purpose by social economy organisations.

6) **People as a key element of transformation.** *THE SOCIAL ECONOMY VISIBILISES AND PROMOTES the development of a BUSINESS CULTURE BASED ON PEOPLE AND FOR PEOPLE. BUSINESS as a COMMUNITY OF PEOPLE.*

An African proverb says: "**If you want to go fast go alone, if you want to go far go with others**". The key to all TRANSFORMATION lies in the TRANSFORMATION OF PEOPLE. In the words of Mahatma Gandhi: "**Be the change you want to see in the world**".

What really transforms are PEOPLE, organisations are organisational structures of PEOPLE, society is a set of PEOPLE and PEOPLE interact with the environment.

For all these reasons, the transitions that really have to lead the future of Humanity could well be based on the following aspects so that this change of paradigm can take place, putting PEOPLE at the centre of the transformation. It includes **eight transitions proposed by the Social Economy for the development of a new business culture**:

1. From individual interest to collective interest
2. From the short-term perspective to the long-term perspective.
3. From individual leadership to team leadership.
4. From individual achievement orientation to collective achievement orientation.
5. From generating individual wealth to generating collective wealth.
6. From developing individual intelligence to developing collective intelligence.
7. From individualistic work, to group/collective work, by shared objectives and goals.
8. From territorial uprooting / relocation to territorial rootedness.

The future of the economy either IS S.E. or it IS NOT. (J.D.A.)